

13 August 1981

MEMORANDUM FOR: Deputy Director of Central Intelligence

25X1 FROM: [REDACTED]

Chief, Interdepartmental Affairs Staff

SUBJECT: SIG Meeting on Poland

1. The meeting is billed as a discussion session, and follows a heated IG meeting today. (See NIO/USSR briefing memo below.) The issue is the extent and forms of U.S. economic aid to Poland. State is pushing for a long-term aid package, linked to economic and political reform in Poland. Other agencies disagreed, citing the possibility of permanent subsidization, the low likelihood of Congressional approval, and the lack of a well-defined long-term strategy and clear U.S. political goals. [REDACTED]

2. At tomorrow's meeting, State will present a sitrep and you may be asked for additional comments. Some talking points that you might use are immediately below this memo. Additional background information is in the tabs. In addition, I recommend you support the notion that a more systematic analysis of the pros and cons of various aid schemes be prepared. It seems to me that a paper is needed to focus discussion on this issue. [REDACTED]

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Talking Points on Polish Situation

- After 13 months, Polish regime has no politically feasible program to solve its problems.
 - Economic recovery possible only if the Government:
 - Wins worker approval of a stabilization program, including consumer austerity and a "temporary" drop in the standard of living.
 - Obtains enough new economic assistance to finance essential imports.
 - Most pressing need is for aid to tide the economy over this immediate crisis; will also need continuing assistance to prevent economic slide while introducing systemic reforms (Tab B).
 - In the short term, Warsaw needs:
 - 215,000 tons of meat (worth \$452 million),
 - 4.3 million tons of grain (worth \$242 million),
 - 1.5 million tons of oil meal and oil seeds (worth a total of \$1.1 billion)
 - About \$1 billion in cash or credits to service debt and avoid default.
 - For 1982 through 1985 will need debt relief of about \$10 billion annually plus additional credits for food and other imports.
 - If funds are provided, Warsaw will still have a difficult time with economic recovery; but without them the chances of survival are extremely low.
 - Soviets are increasingly concerned about inability of Government to prevent strikers from taking to streets and about indications that Solidarity is also losing control.
 - Soviets will grudgingly consider expanded aid, but probably not dramatically expand assistance.
 - Could attempt intimidation through military maneuvers. Have announced large exercise for early September (but no signs of preparation for large scale intervention -- see Tab D).
 - Probably will put additional pressure on Kania and Jaruzelski when they meet with Brezhnev this weekend.
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- Quadripartite discussions indicate Europeans unlikely to offer substantial aid without major U.S. initiative.
 - Without Soviet or European assistance to stem the decline, U.S. may face choice of taking action, or seeing Poland go down the tubes or be invaded. This dilemma argues for a systematic approach to the problem.
 - Propose that issue be remanded to IG for preparation of decision paper.

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